

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice CN-903

For: State and County Offices

**Limitation Change and Beneficial Interest Requirements for
1999-Crop Upland Cotton Marketing Loan Gains and LDP's**

Approved by: Deputy Administrator, Farm Programs



1 Overview

**A
Background**

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (2000 Act), amended the Agricultural Market Transition Act to increase the payment limitation for marketing loan gains and LDP's from \$75,000 to \$150,000, per person, for eligible crops produced in 1999.

The 2000 Act also provides that a producer who has marketed a quantity of an eligible 1999 crop, that did not receive LDP or market gain, may receive LDP or gain as of the date the quantity was marketed or redeemed.

**B
Purpose**

This notice informs State and County Offices of:

- the payment limitation change
- a special provision for producers who have marketed a quantity of eligible 1999-crop upland cotton and did not receive LDP or marketing loan gain on that quantity.

**C
Contact**

If there are questions or situations not addressed in this notice, State Offices shall contact PSD at 202-720-8481.

Disposal Date

January 1, 2000

Distribution

State Offices; State Offices relay to County
Offices

2 1999 Payment Limitation Changes

A

Applicability

A payment limitation of \$150,000 for all crops, per person, applies to:

- LDP's
- market loan gains from cash loan repayments at a rate less than the principal
- eligible upland cotton produced in crop year 1999.

Note: Notice LP-1714 covers this subject for 1999-crop wheat, feed grains, oilseeds, and rice.

B

Subsidiary File Changes

Applicable subsidiary files have been edited doubling the 1999 crop year payment limitation amount for producers. County Offices should have received the subsidiary file download changing producer payment limitations.

C

Special Provision for Crop Year 1999

Subject to certain conditions, a producer who is otherwise eligible to receive a payment, will be allowed to receive a marketing loan gain or loan deficiency payment on 1999-crop upland cotton, even though the producer has already marketed the commodity.

The conditions are as follows:

- no one has previously received such payments for the commodity, the producer seeking payment was the actual producer of the commodity, and the producer had beneficial interest in the commodity at the time of the marketing or redemption of the commodity
 - the producer will receive the payment as a marketing loan gain if the commodity was previously pledged for a loan in which case the rate to be paid will be determined as of the date of redemption
 - the producer will receive the payment as a loan deficiency payment if the commodity was not pledged as collateral for a loan in which case the amount to be paid will be determined as of the date the producer marketed the commodity
 - the commodity was marketed by the producer before the final loan availability, as applicable.
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3 State Office Action

A Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
- instruct County Offices to notify producers immediately of the contents of this notice using all available sources
- notify PSD by FAX, no later than COB Friday, December 17, 1999, of:
 - the actions taken
 - sources used to publicize the contents of this notice.

Notes: Negative reports are required.

FAX information to PSD, Attention: Harold Connor, Deputy Director,
at 202-690-3307.

4 County Office Action

A Producer Notification

County Offices shall notify all producers immediately of the contents of this notice using all available sources.

B Producers Retaining Beneficial Interest

For eligible producers who did not receive LDP or marketing loan gain because of payment limitation, but who still retain beneficial interest in an eligible 1999 commodity, County Offices shall inform those producers of the payment limitation change and that they may now apply for LDP's or earn marketing loan gains up to \$150,000 per person.

C Producers Who Have Filed LDP Requests

For eligible producers who filed an LDP request that is pending payment according to Notice LP-1695, but subsequently marketed a quantity of eligible 1999-crop upland cotton, County Offices shall process the requests using the LDP rate that was in effect as of the date the cotton was sold.

If beneficial interest has not been lost, use the LDP rate in effect as of the date of the original LDP request.

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4 County Office Action (Continued)

D

**Producers Who
Did Not File LDP
Requests**

For eligible producers who marketed a quantity of eligible 1999-crop upland cotton that did not receive LDP, for any reason, County Offices shall:

- allow producers to request LDP using CCC Cotton AA
 - enter the following producer certification anywhere on CCC Cotton AA and not as an attachment, **“I understand that I am allowed to request an LDP for a quantity of a 1999 otherwise eligible commodity which has been marketed.”**
 - for quantities sold, obtain production evidence meeting 7-CN requirements and use the LDP rate in effect on the date the cotton was sold
 - require producers to apply by May 31, 2000, the final loan availability date.
-

E

**Denied Market
Gain on a
Marketing Loan
Repayment**

For producers who were not afforded the opportunity to repay a 1999 crop year loan at the marketing loan repayment rate because they exceeded the payment limitation involving a loan repayment transaction, County Offices shall:

- identify the applicable loans
 - correct the applicable loan repayment transaction using the correction software in APSS according to a forthcoming PS notice.
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Continued on the next page

4 County Office Action (Continued)

F

**Denied Market
Gain on LDP**

For producers who were denied LDP because of payment limitation, before the change in limitation, on a portion of a quantity requested or as a result of a spotcheck, County Offices shall:

- correct the LDP transaction using APSS correction software according to a forthcoming PS notice
- process the quantity previously denied as a new LDP using the higher of the LDP rate in effect on the date sold.

If beneficial interest has not been lost, use the LDP rate in effect for the original LDP request.

G

**Pending
Requests for
Relief**

For producers who have requests for relief involving payment limitation on file that have not been acted upon:

- State Offices shall return applicable requests to County Offices
- County Offices shall contact appellants informing them that if they will withdraw the request for relief in writing, the original LDP request will be processed.

For requests for relief that:

- are withdrawn in writing, County Offices shall process the original LDP request, using the LDP rate in effect on the date the cotton was sold
- are known to be at the NAD appeal level, State or County Offices shall contact the producer and inform them of this policy.

Note: The producer is responsible for contacting NAD to withdraw an appeal.
